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SUBJECT: NIGERIA: LEGISLATURE PASSES USD 2.038 BILLION  
SUPPLEMENTARY BUDGET

1. (U) Summary: On Tuesday, December 2, 2003 the House of Representatives (lower legislative chamber) toed the line of the Senate (upper legislative chamber) by approving the supplementary budget of USD 2.038 billion (Naira 269 billion at USD 1=Naira 132). The Senate had earlier passed the budget on Wednesday, November 19. The approved supplementary budget contained amendments to President Obasanjo's earlier submission of USD 2.112 billion (Naira 278.863 billion). End Summary.

#### Supplementary Budget Proposal Highlights

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2. (U) On Thursday, October 9, President Obasanjo presented a supplementary budget of USD 2.112 billion to the National Assembly. The budget comprised USD 731 million or 34.6 percent (Naira 96.575 billion) for recurrent expenditures, USD 631 million or 30 percent (Naira 83.287 billion) for capital expenditures, and USD 750 million or 35.4 percent (Naira 99 billion) for domestic debt service.

3. (U) A breakdown of the budget showed that for recurrent expenditures, USD 76.7 million (Naira 10.127 billion) was for the Office of the National Security Advisor; USD 87.88 million (Naira 11.6 billion) for military pensions; USD 37.878 million (Naira 5 billion) for the promised public service wage increase; USD 97.72 million (Naira 12.9 billion) for payment of electricity and telephone bills incurred by government ministries and agencies; USD 56.8 million (Naira 7.5 billion) for civil service pensions; and USD 64.39 million (Naira 8.5 billion) for monetization of benefits-in-kind to senior civil servants.

4. (U) A further breakdown of the capital expenditure account showed that USD 189.39 million (Naira 25 billion) was for building two additional power stations; USD 56.06 million (Naira 7.4 billion) for roads and bridges; USD 75.75 million (Naira 10 billion) for debt owed local contractors on capital projects; and USD 144.65 million (Naira 19.09 billion) to the Ministry of the Federal Capital Territory for infrastructure, and renovation of the international airport and completion of the Abuja Sofitel Hotel in preparation for the early December Commonwealth Heads of Government Meeting (CHOGM).

#### Highlights of the National Assembly Budget

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5. (U) The supplementary budget approved by the legislature was USD 74.56 million short of the President's USD 2.112 billion submission. The National Assembly approved recurrent expenditures of USD 614.27 million, capital expenditures of USD 673.75 million, and USD 750 million for domestic debt service. NEPA capital projects were reduced by USD 75.75 million, while the allocation for electricity and telephone bills was cut by USD 37.878 million; by contrast, a USD 30.3 million more than expected was set aside for the police.

#### ANPP Walkout

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6. (U) The debate over the supplementary budget was highly contentious, and members of the leading opposition All Nigeria Peoples Party (ANPP) staged a walkout to protest what it called a "deliberate act of illegality". Members of the ruling party Peoples Democratic Party (PDP), then passed the supplementary budget, even though they raised and lowered specific figures and reduced the overall supplementary somewhat.

7. (U) ANPP leader Dr. Ahmed Salik claimed to the press that the supplementary budget was illegal and amounted to duplication of monies earlier allocated in the original 2003

budget. For example, Salik said, the USD 75.75 million for the office of the National Security Advisor (NSA) had already been provided in the original 2003 budget. He asked why a new allocation of the same amount is being provided to the same office when an explanation had not been given on how the initial allocation was spent.

Explanation by Suswan

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18. (U) The Appropriation Committee Chairman of the House of Representatives, Honorable Gabriel Suswan, also held a press briefing after the plenary session to clarify the approved supplementary budget. According to Suswan, most of the monies had already been expended on projects that were not provided for in the 2003 budget. Suswan also confirmed that members of the ANPP made inputs to the Appropriation Committee's streamlining and prioritization of the supplementary budget, so he was surprised that they walked out during the plenary session. However, Suswan admitted that only 60 percent of the 2003 budget capital expenditures had been obligated, while the recurring expenditure account had been fully committed (i.e. the capital budget had been raided to pay for recurring expenses, and even that pot of money had been exhausted).

Comment

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19. (U) Not only was money spent from the improper account, it was spent before it had been budgeted for. The 2003 supplementary budget was proposed and approved after most or all of the monies for the associated budget line items had already been spent. Nigeria has not had a timely budget in three years. Legally, the Government can spend money on the basis of the past fiscal year's budget absent an approved budget for the current fiscal year, if the National Assembly does not approve a new one. End Comment.  
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